

House Study Bill 717 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON HEIN)

A BILL FOR

1 An Act relating to the liability for recapture taxes imposed
2 on certain property receiving a fruit-tree or forest
3 reservation property tax exemption and including effective
4 date and applicability provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 427C.12, Code 2022, is amended to read
2 as follows:

3 **427C.12 Application — inspection — continuation of**
4 **exemption — recapture of tax.**

5 1. It shall be the duty of the assessor to secure the facts
6 relative to fruit-tree and forest reservations by taking the
7 sworn statement, or affirmation, of the owner or owners making
8 application under this chapter; and to make special report to
9 the county auditor of all reservations made in the county under
10 the provisions of this chapter.

11 2. a. The board of supervisors shall designate the county
12 conservation board or the assessor who shall inspect the area
13 for which an application is filed for a fruit-tree or forest
14 reservation tax exemption before the application is accepted.

15 b. Use of aerial photographs may be substituted for on-site
16 inspection when appropriate.

17 c. The application can only be accepted if it meets the
18 criteria established by the natural resource commission to be a
19 fruit-tree or forest reservation.

20 3. Once the application has been accepted, the area shall
21 continue to receive the tax exemption during each year in which
22 the area is maintained as a fruit-tree or forest reservation
23 without the owner having to refile.

24 4. If the property is sold or transferred, the seller or
25 transferor shall notify the buyer or transferee that all, or
26 part of, the property is in fruit-tree or forest reservation
27 and subject to the recapture tax provisions of ~~this section~~
28 subsection 5. If the seller or transferor has actual knowledge
29 that the property is in fruit-tree or forest reservation and
30 fails to notify the buyer or transferee that the property is in
31 fruit-tree or forest reservation and subject to the recapture
32 tax provisions of subsection 5, the buyer or transferee
33 shall not be liable for any recapture tax entered against the
34 property during the applicable period specified in subsection
35 5, paragraph "a", a lien shall not be entered against the

1 property for the recapture tax, and the seller or transferor
2 shall be liable for any such recapture tax.

3 5. a. The tax exemption shall continue to be granted
4 for the remainder of the eight-year period for fruit-tree
5 reservation and for the following years for forest reservation
6 or until the property no longer qualifies as a fruit-tree or
7 forest reservation.

8 b. The area may be inspected each year by the county
9 conservation board or the assessor to determine if the area is
10 maintained as a fruit-tree or forest reservation.

11 6. a. If the area is not maintained or is used for economic
12 gain other than as a fruit-tree reservation during any year of
13 the eight-year exemption period and any year of the following
14 five years or as a forest reservation during any year for which
15 the exemption is granted and any of the five years following
16 those exemption years, the assessor shall assess the property
17 for taxation at its fair market value as of January 1 of that
18 year and in addition the area shall be subject to a recapture
19 tax. However, the area shall not be subject to the recapture
20 tax if the owner, including one possessing under a contract of
21 sale, and the owner's direct antecedents or descendants have
22 owned the area for more than ten years.

23 b. The tax shall be computed by multiplying the consolidated
24 levy for each of those years, if any, of the five preceding
25 years for which the area received the exemption for fruit-tree
26 or forest reservation times the assessed value of the area that
27 would have been taxed but for the tax exemption.

28 c. ~~This~~ The tax shall be entered against the property on
29 the tax list for the current year and shall constitute a lien
30 against the property in the same manner as a lien for property
31 taxes. The tax when collected shall be apportioned in the
32 manner provided for the apportionment of the property taxes for
33 the applicable tax year.

34 Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate
35 importance, takes effect upon enactment.

